

MINUTES
Highway Expansion and Extension Loan Program (HELP)

Advisory Committee Meeting
December 4, 2001

Committee Members Present:

John McGee, Chair (for Victor Mendez)
Bill Beyer
Cliff Potts
Jeff Martin

Gary Magrino
Paul Schwartz
Tami Ryall

Members Absent: Victor Mendez

Others Present:

John Fink, ADOT
Steve Schaefer, ADOT
Val Carrola, ADOT

Anna-Marie Perry, ADOT
Vicki Tsutsumida, FHWA
Tim Ahrens, PAG

Call to Order

The meeting was called to order by John McGee at 2:05 p.m. A quorum was present.

Mr. McGee introduced John Fink. He said that Mr. Fink had recently started work at ADOT and would oversee the HELP program.

Action: A motion to approve the Minutes of the September 4, 2001 meeting as written was made by Mr. Beyer, seconded by Mr. Schwartz and passed unanimously.

Prior Business

Press Releases

Mr. McGee referred to two press releases included in the member packets regarding HELP Loans for the SR 89A project in Prescott Valley and the I-10/I-19 Interchange project in Tucson.

New Business

Brochure

Mr. Carrola distributed copies of the new HELP brochure.

Annual Report

Mr. Fink referred to the 2001 HELP Annual Report, noting that it has been distributed to the Governor and members of the Legislature. He invited members to provide any comments or suggestions for improving future reports.

A member asked if the Committee should have been given an opportunity to review the annual report before it was distributed to the Governor and Legislature. Mr. Schaefer explained that a draft of the narrative was provided to the Committee at the Payson Study Session.

Cash/Loan Status Report

Ms. Perry reviewed the loan status report as of October 2001. She noted that the City of Phoenix/ADOT loan for the SR 51 project has started drawing down loan funds. She said that the City of Chandler loan has been repaid in full. She reported that Santa Cruz County has drawn down the permanent reconstruction money. However, Emergency Relief funds were available from the Federal Highway Administration and they did not need to use the HELP loan for this part of the project. She said that the Christopher Creek construction project and the SR 89A Glassford Hill Road Reconstruction projects have both started drawing down their loans. She stated that ADOT has drawn almost the entire amount of the loan for the Pima County projects.

Mr. McGee said that he expects to see a fairly significant decline in HELP fund cash balances over the next nine to 12 months as construction begins on several projects.

Mr. Fink reviewed the HELP program cash flow and projections through fiscal year 2008. He noted that the cash flow projections do not reflect loans currently on the Committee's agenda. He pointed out that fiscal year 2004 is the first year that the projected ending balance of the program drops below \$0. He indicated that appropriate strategies will be pursued to ensure that adequate cash balances are maintained. Mr. McGee noted that the cash flow model is fairly detailed and includes a number of assumptions with respect to future loans. He said that the goal is to maintain a minimum cash balance in the range of \$10 to \$15 million.

Outreach Report

Mr. Schaefer reviewed the Outreach Report dated November 2001. He said that two loan applications are expected for next month's meeting.

Loans by Region Chart

Mr. Fink discussed the HELP Loans by Region chart, noting that it does not reflect loans on the Committee's agenda. He said that the current distribution is close to the statutory 50/25/25 distribution, with MAG at 53 percent, PAG at 23 percent and Statewide at 24 percent. He provided copies of the chart assuming approval of the loans on the Committee's agenda. He noted there is little difference in the distribution with the exception of a small decrease in MAG's percentage.

Legislative Report

Mr. McGee updated the Committee on the Special Session of the Legislature. He explained that the Governor had asked all agencies to come up with proposed cuts to their budgets. He said that ADOT had proposed a reduction in its operating budget of approximately \$8 million per year for two years, with an additional \$9 million in cuts to other programs. He briefly discussed the House and Senate proposals, stating ADOT's contribution would be approximately \$32 million and \$25 million, respectively. He said there are several differences between the two plans, both in terms of scope and how the savings would be used. He reported that a House Transportation Committee meeting has been scheduled for December 7.

In response to a member's question, Mr. McGee stated that the department probably could reduce its operating budget by \$8 million per year and other funds by \$9 million per year without significantly impacting its three main initiatives. He said, however, that the additional \$5 million or \$15 million of cuts required under the Senate and House proposals would impact project delivery at a minimum. He stated they are working with the Governor, the House and the Senate to ensure a balanced approach.

A member asked if the proposals include reductions in salaries. Mr. McGee stated there would be no reductions in salaries, however, there could be reductions in the workforce. He said that the Governor's budget eliminates the five percent salary increase in 2002 and replaces the five percent increase in 2003 with a three percent increase. He said that he believes that the Senate's budget would keep the 10 percent increase.

Consideration of Loan Applications

Pima County, Ajo Way Application

Mr. Schaefer explained that the proposed HELP loan would be used to widen Ajo Way between Country Club and Alvernon Way. He stated that Pima County is ready to award the construction contract.

Mr. Fink noted that the application indicates the loan will be repaid in approximately 2009, while the County's resolution indicates repayment no later than June 2007. He stated that the resolution date would be used for purposes of the repayment agreement.

In response to a member's question, Ms. Perry stated that one Technical Committee member had given the application a score of 100 and felt strongly that the score was deserved.

Mr. Martin stated that he thought that a project was required to be included in a fiscally constrained TIP. Ms. Perry explained that the statute initially read that projects had to be included in the TIP with a majority of the project funded with state, local or federal dollars. She said that the statute was amended such that an eligible project must be included in the state highway construction program or a transportation improvement plan of a regional council of governments.

Action: A motion to approve the Pima County, Ajo Way Application was made by Mr. Magrino, seconded by Mr. Beyer and passed unanimously.

Town of Mammoth, Main Street Application

Mr. Schaefer explained that this application is for the resurfacing of Main Street in Mammoth and is funded through the PAG TIP. He stated that the proposed HELP loan would be used to accelerate the project by three years.

Action: A motion to approve the Town of Mammoth, Main Street Application was made by Mr. Potts, seconded by Mr. Schwartz and passed unanimously.

Pima County, Shannon Road Application

Mr. Schaefer noted that this application received the highest ratings of any other application in the Technical Committee's review process. He said that HELP staff has been working with the county on the repayment agreement to address the County's concerns regarding the lien status of their existing bonds.

In response to a member's question, Mr. Schaefer stated that the proposed HELP loan would have a five-year repayment term.

Action: A motion to approve the Pima County, Shannon Road Application was made by Mr. Potts, seconded by Mr. Schwartz and passed unanimously.

Town of Miami, Bloody Tanks Wash Bridge Application

Mr. Schaefer stated that this loan is for \$80,000 which is less than the typical \$250,000 minimum. He explained the loan was brought forward because of the consequences to Miami if the funds were not received. He said that the bridge project did not meet statutory requirements for a HELP loan. He explained that the City plans to shift monies from another project to the bridge project and will come back next month with a revised application.

Action: A motion to table the Town of Miami, Bloody Tanks Wash Bridge Application was made by Mr. Beyer, seconded by Mr. Magrino and passed unanimously.

The Committee expressed their intent to continue handling applications under \$250,000 on a case-by-case basis.

A discussion ensued regarding the Technical Committee scoring of applications. A member expressed concern about one member giving two different applications scores of 100, questioning whether the scores were based on a technical review of the applications or reflected an advocacy for the applicant. Mr. Schaefer stated that the member was not from the affected area and felt that the applications strictly followed the criteria and warranted scores of 100. Mr. McGee indicated that HELP staff would prepare Technical Committee scoring guidelines and present these for discussion at a future Committee meeting.

Future Meetings

Mr. Schaefer reviewed the tentative HELP calendar for calendar year 2002, pointing out that the schedule is based on the assumption that the State Transportation Board meetings are held on the 3rd Friday of each month.

Call to the Public

Mr. McGee called for comments from the public. No comments were made.

Adjourn

The meeting was adjourned at 2:35 p.m.